

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2001-375-C - ORDER NO. 2001-1120
DECEMBER 18, 2001

IN RE: Application of Dominion Telecom, Inc. for a)	ORDER GRANTING
Certificate of Public Convenience and)	CERTIFICATE FOR
Necessity to Provide Facilities-based and)	LOCAL AND
Resold Local Exchange and Interexchange)	INTEREXCHANGE
Telecommunications Services within the State)	SERVICES
of South Carolina.)	

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the application of Dominion Telecom, Inc. ("Dominion" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide facilities-based and resold local exchange and intrastate interexchange telecommunications services within the State of South Carolina. The Company's application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 2000) and §58-9-520 (Supp. 2000) and the rules and regulations of the Public Service Commission of South Carolina.

By letter, the Commission's Executive Director instructed Dominion to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The proposed Notice of Filing was to inform interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings. Dominion complied with this instruction and provided the Commission with proof of publication of the Notice of Filing.

A Petition to Intervene was received from the South Carolina Telephone Coalition (“SCTC”) on October 29, 2001. Thereafter, on November 14, 2001, Counsel for SCTC filed with the Commission a Stipulation in which Dominion stipulated that it would only seek authority in non-rural local exchange (“LEC”) service areas of South Carolina and that it would not provide any local service to any customer located in a rural incumbent’s service area, unless and until Dominion provided written notice of its intent prior to the date of the intended service. Dominion also stipulated that it was not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas. Dominion agreed to abide by all State and Federal laws and to participate to the extent that it may be required to do so by the Commission in support of universally available telephone service at affordable rates. The SCTC withdrew its opposition to the granting of a statewide Certificate of Public Convenience and Necessity to Dominion provided the conditions contained in the Stipulation are met. The Stipulation is approved and attached as Order Exhibit 1.

A hearing was commenced on November 28, 2001, at 10:30 a.m., in the Commission’s Hearing Room. The Honorable William Saunders, Chairman, presided. Robert D. Coble, Esquire, represented the Company. David M. Fellowes, Vice President of Marketing, Business and Product Development for Dominion, appeared and testified on behalf of the Company. Adelaide D. Kline, Staff Counsel, represented the Commission Staff.

Mr. Fellowes’ responsibilities as Vice President, Marketing, Business and Product Development for Dominion, include overseeing Dominion’s development and execution

of all of Dominion's marketing, business and product development efforts. The record reveals that he has served in this position since January 2001 and has more than fourteen years of telecommunications business, sales and technical experience. He was instrumental in developing the business plan of VPS Communications, Inc. (now Dominion) for entry into the telecommunications market and he stated he directed the Company's start-up activities. Prior to joining Dominion, he held several management positions with Dominion/Dominion Virginia Power where he was responsible for strategic planning, project management and design and engineering activities.

Dominion is a privately held corporation, organized under the laws of the Commonwealth of Virginia on April 14, 1997, and is authorized to conduct business in South Carolina. According to Mr. Fellowes, Dominion was formerly known as VPS Communications, Inc., and was formed exclusively to provide state-of-the art telecommunications services to customers throughout the United States. He said Dominion received its first authorizations to provide interexchange and local exchange services in the Commonwealth of Virginia on August 8, 1997, and August 9, 1999, respectively. Dominion is a direct, wholly owned subsidiary of Dominion Fiber Ventures, LLC, a Delaware limited liability company, and an affiliate of Dominion Resources, Inc. Dominion Resources, Inc. is a full integrated gas and electric energy utility holding company headquartered in Richmond, Virginia.

Dominion seeks authority to provide facilities-based local exchange and interexchange telecommunications services to customers in the State of South Carolina, as well as to resell local exchange and interexchange services obtained from other

certificated carriers in South Carolina. Initially, Dominion proposes to provide only private line, internet access and data transmission services. Dominion's target customer base includes local and interexchange carriers, wireless, data, applications and internet service providers, and medium-sized and large businesses. The record reveals that Dominion's business plans depend upon fiber facilities and equipment that either will be owned by Dominion or accessed through leases or other arrangements with certificated telecommunications providers in South Carolina. According to Mr. Fellowes' testimony and the record, Dominion is primarily an interexchange carrier. He said the Company's interexchange and local fiber optic networks will consist mostly of fiber optical cable purchased from other providers; some of the fiber facilities may be constructed by Dominion as well. Mr. Fellowes testified that by the end of 2002, Dominion's network will consist of approximately 6,000 route miles and 400,000 fiber miles. He said Dominion is in the process of expanding its network to connect approximately forty major metropolitan areas; currently metropolitan rings are in six markets including New York City, Buffalo, Albany and Syracuse, New York; Washington, D.C./Northern Virginia and Richmond, Virginia.

Mr. Fellowes testified that Dominion will provide its proposed services over its state-of-the-art fiber optic network that utilizes SONET and dense-wave division ("DWDM") technology for maximum reliability and flexibility. The record reveals Dominion, as of the date of the hearing, was authorized to provide interexchange and local exchange services in New York, Virginia, Rhode Island, Indiana and Massachusetts; interexchange and competitive access services in Ohio; interexchange,

local exchange and competitive access services, on a provision basis, in Pennsylvania; and is registered to provide resold interexchange services in New Jersey and interexchange services in Michigan. Mr. Fellowes' testimony revealed that Dominion has applied for authority to operate as a competitive local exchange and interexchange carrier in Illinois, Maryland, Connecticut, North Carolina and Florida, and as a competitive local exchange carrier in New Jersey and Michigan.

Fellowes also addressed Dominion's technical, financial, and managerial ability to offer telecommunications services in South Carolina. The testimony reveals Dominion has access to the financing and capital necessary to operate as a provider of facilities-based and resold local exchange and interexchange telecommunications services in the State of South Carolina. According to the record, for the fiscal year 2000, Dominion had \$6.7 million in revenues. Mr. Fellowes testified that in March 2001, a transaction with a group of private financial investors, along with private debt placement, contributed approximately \$516 million in cash to Dominion's telecommunications operations. He further said Dominion anticipates that this substantial contribution will fund its business plans through the year 2004. Mr. Fellowes offered that Dominion is a company that is on sound financial ground with a parent company that has annual revenues in excess of \$1 billion and a value of \$30 million.

Edgar M. Roach is Director and Chief Executive Officer of Dominion. According to the record, Mr. Roach was named Chief Executive Officer of Dominion's Delivery business in January 2000. He became Director and Chief Executive Officer of Dominion Telecom, Inc. in April 2000. Since 1994, Mr. Roach has held several key executive

positions within Dominion. Robert E. Rigsby is Director and Chief Operating Officer, a position he has held since April 2000. Prior to his appointment with Dominion, Mr. Rigsby held a number of key executive and management positions with Dominion subsidiaries. Thomas N. Chewning is a Director. He has held a number of executive positions within Dominion. G. Scott Hetzer is Director and Senior Vice President and Treasurer, a position he has held since May 1999. Prior to joining Dominion, Mr. Hetzer previously held executive positions at Wheat First Butcher Singer and NationsBank. Gregg T. Kamper is Senior Vice President and General Manager. He is responsible for oversight of all management activities at Dominion. Prior to joining Dominion, Mr. Kamper served as Director of Strategic Marketing for Citizens Communications. Other key management positions are held by Charles Vassallo, Vice President, Strategy, Finance and Support Services; Patricia McIntyre, Vice President, Sales and Customer Development; Mike W. Lanier, Director, Network Engineering and Construction and Construction; and James E. Miller, Director, Network Operations and Maintenance. According to the record and testimony at the hearing, Mr. Vassallo will serve as the Company's financial contact person. Mr. Fellowes will serve as the regulatory and customer service contact person.

Mr. Fellowes testified that Dominion has not yet finalized its interconnection agreements or its arrangements for an underlying carrier in South Carolina. He said Dominion's customers are other carriers, CLECs and IXC carriers, and large enterprise customers. He testified the Company will have a sales team geographically disbursed throughout the eastern United States which will be responsible for direct marketing of its

services. Dominion will bill its customers directly; its name, address and toll-free telephone number will appear on the bill. Further, Mr. Fellowes offered that Dominion would probably begin offering some services in South Carolina during the late first quarter of 2002. He said Dominion will initially be a reseller. Dominion also operates a customer service center twenty-four hours a day, seven days a week. He said customers are provided an escalation list as a primary point of contact on the sales side which handles issues at that level and escalates them out as appropriate. For assistance with service, maintenance or billing issues, customers may contact Dominion toll-free, at any time, at (866) 587-1696. In addition, customers may submit written inquires to Dominion Telecom, Inc., at 4355 Inslake Drive, Glen Allen, Virginia, 23060.

Mr. Fellowes stated he was familiar with the Commission Staff's recommended changes to the tariff and confirmed that the Company would be willing to make all of the suggested changes to its final tariff. In addition, Mr. Fellowes agreed to provide the Company's email address and telephone number on the bottom of each page of the Final Tariff. The testimony reveals Dominion's presence in South Carolina as a telecommunications service provider will have a positive effect on the public interest. Upon receiving certification from the Commission, Mr. Fellowes testified Dominion will abide by and comply with the Commission's rules and regulations and Commission Orders in its operations in South Carolina. Commission Staff also requested that the Company file separate tariffs for its intrastate resold local exchange and interexchange telecommunications services. Further, the testimony reveals Dominion has never had an application for a certificate of public convenience and necessity denied. He agreed to file

a copy of Dominion's Bill Form with the final Tariff as required by 26 S.C. Code Ann. Regs. 103-612.2 and 103-622.1 (1976). Mr. Fellowes also confirmed that Dominion would file the necessary financial reports by the deadlines set by the Commission. Finally, Mr. Fellowes testified Dominion had not provided any intrastate telecommunications services with the State of South Carolina.

Dominion asks that it be exempt from any rules or regulations that would require it to keep its financial records in conformance with the Uniform System of Accounts. Dominion seeks to maintain its books of accounts in accordance with the Generally Accepted Accounting Principles (GAAP). Additionally, the Company seeks a waiver of 26 S.C. Code Ann. Regs. 103-631 (1976 & Supp. 2000) so that it will not be required to publish local exchange directories. If it is ever appropriate for Dominion to do so, it will contract with at least one incumbent local exchange carrier for the inclusion of its CLEC data base into the master customer data base of the local exchange carrier. The Company also seeks waiver of 26 S.C. Code Ann. Regs. 103-610 (1976 & Supp. 2000) so that Dominion can maintain its records outside of South Carolina. The Company wishes to maintain its books and records at its headquarters in Glen Allen, Virginia.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Dominion is organized as a corporation under the laws of the Commonwealth of Virginia and has received a certificate from the South Carolina Secretary of State to transact business within South Carolina as a foreign corporation.

2. Dominion wishes to provide local exchange services and interexchange services within the State of South Carolina.

3. The Commission finds that Dominion possesses the technical, financial, and managerial resources sufficient to provide the service requested.

4. The Commission finds that Dominion's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. §58-9-280(B)(3) (Supp. 2000).

5. The Commission finds that Dominion will support universally available telephone service at affordable rates.

6. The Commission finds that Dominion will provide services which will meet the service standards of the Commission.

7. The Commission finds that the provision of local exchange service by Dominion "does not otherwise adversely impact the public interest." S.C. Code Ann. §58-9-280(B)(5) (Supp. 2000).

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Dominion to provide competitive resold and facilities-based intrastate local exchange services only to

customers located in the non-rural areas of South Carolina. The terms of the Stipulation between Dominion and the SCTC are approved, and adopted as a portion of this Order. Any proposal to provide local exchange service to a customer in a rural incumbent LEC's service area is not included in the instant grant of authority. Further, the Company is granted authority to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), directory assistance, travel card service or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. With regard to the interexchange service offerings of Dominion, the Commission adopts a rate design which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Dominion shall not adjust its interexchange rates below the approved maximum level without notice to the Commission and to the public. Dominion shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE

Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 6, 1993). Any proposed increase in the maximum rate level for interexchange services reflected in the tariff, which would be applicable to the general body of the Company's subscribers, shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 2000).

4. If it has not already done so by the date of issuance of this Order, Dominion shall file its revised long distance tariff and an accompanying price list within thirty (30) days of receipt of this Order. The Company shall file its revised local tariff prior to commencement of operations within South Carolina. The revised tariffs shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. Dominion is subject to access charges pursuant to Commission Order No. 86-584 in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

6. With regard to the Company's resale of interexchange toll service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. Dominion shall resell the services or lease only the facilities of those companies authorized to do business in South Carolina by this Commission. If Dominion changes underlying carriers, it shall notify the Commission in writing.

8. With regard to the origination and termination of toll calls within the same LATA, Dominion shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

9. Dominion shall file annual surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports can be found at the Commission's website at www.psc.state.sc.us/forms. The title of the forms which the Company shall utilize to file annual surveillance reports with the Commission is "Annual Information on South Carolina Operations For Interexchange Companies and AOS".

10. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs Dominion to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate 911 service authorities is to be made before providing local exchange telephone service in South Carolina. Accompanying this Order

is an information packet from the South Carolina Chapter of the National Emergency Number Association (“SC NENA”) with contact information and sample forms. The Company may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing local exchange services within South Carolina, Dominion, shall contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company’s operations as required by the 911 system.

11. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. Dominion shall file with the Commission the names, addresses, and telephone numbers of those representatives within thirty (30) days of receipt of this Order. The “Authorized Utility Representative Information” form can be found at the Commission’s website at www.psc.state.sc.us/forms. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

12. Dominion shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all

Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

13. Dominion shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, Dominion shall keep financial records on an intrastate basis for South Carolina to comply with the annual and gross receipts filings. The “Annual Report for Competitive Local Exchange Carriers” form can be located at the Commission’s website at www.psc.state.sc.us/forms. This form shall be utilized by the Company to file annual financial information with the Commission. Pursuant to the Commission’s regulations, the Company shall file a CLEC Service Quality Quarterly Report with the Commission. The proper form for this report is Form #110 and can be found at www.psc.state.sc.us/forms/default.htm.

14. By its Application, Dominion requested waivers from Commission requirements (1) of publishing a directory (the Company will arrange with the appropriate ILEC in its interconnection agreement for the publication of Dominion’s customers names, addresses, and telephone numbers); (2) of maintaining its books and records required by the Commission rules within the State of South Carolina (the Company seeks to keep these books and records at its principal place of business in Virginia); and (3) of any record-keeping rules or regulations that might require a carrier to maintain its financial records in conformance with the Uniform System of Accounts (Dominion keeps its financial records in accordance with the Generally Accepted

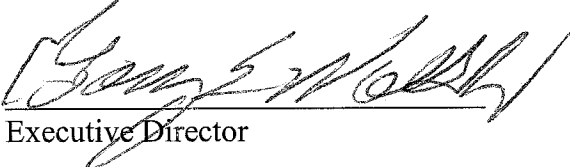
Accounting Principles). The Commission finds the reasoning behind Dominion's requests for waivers of publishing a directory, maintaining its books and records in conformance with the Uniform System of Accounts, and maintaining its records required under the Commission's rules within the State reasonable and hereby grant the waivers of these regulations. Dominion is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

15. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

AE#2

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

Docket No. 2001-375-C

filed 11/14/01

Re: Application of Dominion Telecom, Inc.)
for a Certificate of Public Convenience)
and Necessity to Provide Competitive)
Facilities-based and Resold Local Exchange)
and Interexchange Telecommunications)
Services in the State of South Carolina)

STIPULATION

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and Dominion Telecom, Inc. ("Dominion") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCTC does not oppose Dominion's Application. SCTC and Dominion stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to Dominion, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.

2. Dominion stipulates and agrees that any Certificate which may be granted will authorize Dominion to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.

3. Dominion stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

4. Dominion stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and

until Dominion provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, Dominion acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. Dominion stipulates and agrees that, if Dominion gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, and either (a) the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law within such 30-day period, or (b) the Commission institutes a proceeding of its own, then Dominion will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. Dominion acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.


7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs and Dominion, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

8. Dominion agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

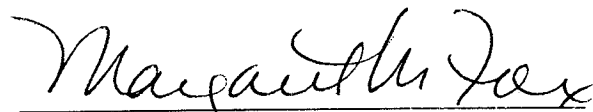
9. Dominion hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

AGREED AND STIPULATED to this 9th day of November, 2001.

Dominion Telecom, Inc.:


Nexsen Pruet
Attorney for Dominion
Telecom, Inc.

South Carolina Telephone Coalition:


M. John Bowen, Jr.
Margaret M. Fox
McNAIR LAW FIRM, P.A.
Post Office Box 11390
Columbia, South Carolina 29211
(803) 799-9800

Attorneys for the South Carolina Telephone
Coalition

ATTACHMENT A

South Carolina Telephone Coalition Member Companies for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.
Chesnee Telephone Company
Chester Telephone Company
Farmers Telephone Cooperative, Inc.
Ft. Mill Telephone Company
Heath Springs Telephone Company Inc.
Home Telephone Company, Inc.
Lancaster Telephone Company
Lockhart Telephone Company
McClellanville Telephone Company
Norway Telephone Company
Palmetto Rural Telephone Cooperative, Inc.
Piedmont Rural Telephone Cooperative, Inc.
Pond Branch Telephone Company
Ridgeway Telephone Company
Rock Hill Telephone Company
Sandhill Telephone Cooperative, Inc.
St. Stephen Telephone Company
West Carolina Rural Telephone Cooperative, Inc.
Williston Telephone Company

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

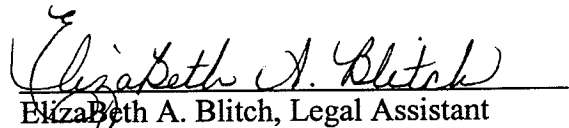
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Facilities-based and Resold Local Exchange)
and Interexchange Telecommunications)
Services in the State of South Carolina)
_____)

**CERTIFICATE OF
SERVICE**

I, ElizaBeth A. Blitch, do hereby certify that I have this date served one (1) copy of the foregoing Stipulation upon the following party of record by causing said copy to be deposited with the United States Mail, first class postage prepaid to:

Robert D. Coble, Esquire
Nexsen Pruet Jacobs & Pollard, LLC
Post Office Drawer 2426
Columbia, South Carolina 29202.


ElizaBeth A. Blitch, Legal Assistant
McNAIR LAW FIRM, P.A.
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Columbia, South Carolina 29211
(803) 799-9800

November 14, 2001

Columbia, South Carolina